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PERSONNEL ACTIVITIES IN FINANCIAL INSTITUTIONS

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THE essential functions of business enterprise are variously stated to be five or six in number. Concerning the first four, namely production, marketing, accounting and finance, there is agreement; but between the fifth, administration, and industrial relations, sometimes considered the sixth, lines of demarcation are not altogether clearly defined. Without attempting to settle the question whether the human factor in business should be given the prominence of a function coordinate with the other five, or whether it should be considered an integral part of the administration function, it is apparent that growing recognition of its importance has led to marked development in personnel activities.

Progress in this field has been more rapid, however, in industrial than in financial institutions, and for a number of reasons. The anomalous condition of high development of the inanimate elements in business, existing side by side with neglect of the human element, had been brought about in industry by the focussing of attention and study upon the mechanical work of improvement in methods and machinery. Recognition of the fact that the human factor also exerted an important influence on production, coupled with continuous pressure from the workers for improvement in their condition, naturally led to the initiation of personnel activities. Impetus was added through growing appreciation of the necessity for training employees in connection with safety work and through the desire to control labor turnover by placing employment and allied matters under the direction of a single head.

Our entrance into the war and the resulting labor shortage caused by unparalleled expansion of production, actively stimulated the slow evolution and defining of personnel activities which had been taking place theretofore. Neither rising wages

nor patriotic fervor could maintain an enthusiastic and effective personnel where there was no development of personnel activities. The need for housing workers who came from afar, for Americanizing the foreigner, for training new hands, for providing suitable food and recreation, for controlling discipline and turnover and for creating the *esprit de corps* necessary to securing effective results under pressure—all these emphasized the necessity for coordinating and enlarging the scope of personnel activities, in order to sustain the interest of the workers at the high pitch necessary for production.

For, in the last analysis, sustaining the interest of workers is among the chief objectives of personnel activities. And this applies equally to those engaged in productive and to those engaged in administrative work, because the development of a happy, cohesive working force is essential to the success of any business enterprise, no matter what its nature.

Methods of developing such a working force, however, depend upon a variety of factors. The kind of work, the class of workers, their sex, the size and location of the institution, the opportunity for advancement, these and similar considerations have a determining influence on the manner in which interest and cooperation can best be developed. There is no approved formula for mixing together certain ingredients called personnel activities and producing the desired result of unity and enthusiasm among workers. This can be evolved only through cooperative endeavor of employees and management, based upon mutual confidence and on thorough understanding of each other's aims and ambitions. The burden of this task falls upon management. Upon it devolves the double duty of finding out what the worker wants and, through intelligent leadership, of supplying these wants while interpreting the organization viewpoint to him.

What does the worker in a financial institution want? In general, he wants what all other administrative workers want, for he is actuated by the same desires and influenced by the same forces. First of all, he wants a fair wage, related to his work and providing for gradual improvement of the standard of living. In addition to this, he wants security, an opportunity for advancement, good working conditions, scope for self-expression and inspiring leadership. Provide him with all

these and he would be an apathetic worker, indeed, who did not respond by giving increased loyalty and cooperation, the inevitable products of satisfaction.

But, to provide these fundamentals, implies building up the entire structure of personnel activities. The degree to which they should be developed and the emphasis to be placed on any particular group must depend, as has been indicated, upon conditions in the individual institution in question. It is appropriate, however, in this paper, to outline in a broad manner the full scope of such activities, showing how they provide those elements which bring satisfaction to the individual employee and make for cohesion and cooperation in the entire force.

Let us, then, first define personnel activities and distinguish them from the much narrower field covered by the so-called welfare work frequently perpetrated upon employees. Personnel activities not only include service features, but embrace the entire field arising out of the relation between employer and employed—in short, all those activities which may be classified as concerning the worker rather than the work. This does not mean that personnel activities can be dissociated from the work. On the contrary, they can be justified to management only by their influence upon production through their effect upon the worker. As a specific illustration, let us consider for a moment a classification of personnel activities constructed in connection with a survey made recently among financial institutions. In order to obtain information concerning current practices in these institutions, a questionnaire was prepared covering all phases of personnel activities. Nearly fifty personnel specialists were consulted with regard to the scope of the work and, with their aid, somewhat less than five hundred questions were finally incorporated in the questionnaire. These were classified according to a decimal system into nine main divisions, each division being subdivided into leading topics which were further subdivided into as many questions as were necessary adequately to cover them.

The main divisions of the questionnaire, representing the principal phases of personnel work, are Employment, Remuneration, Training and Promotion, Health, Personal Service, Cooperative Activities, and Incentives. To these are added a group for information of a general character and one for mis-

cellaneous information. The complete classification, showing the leading topics considered under each division, follows:

EMPLOYMENT

Selection

- Sources of Supply
- Interviews
- Mental Tests
- References

Placement

- Information and Rules to New Employees
- Introduction of New Employees

Discipline

- Attendance and Tardiness
- Deportment

Separations

Reinstatements

Records

REMUNERATION

Salary Administration

Adjustments

Extra Compensation

Insurance

- Group Insurance
- Disability Insurance
- Retirement Allowances

Vacations

TRAINING AND PROMOTION

Instruction through Operating Manuals

Vestibule School

Other Training Courses

Rating of Employees

Control of Progress

Promotions

Transfers

HEALTH

Physical Examinations

- Entrance Examinations
- Periodic Re-examinations
- Eye Tests
- Dental Work

Medical Service

- First Aid
- Treatment on Premises
- Medical Advice
- Health Lectures and Propaganda
- Home Visits
- Outside Medical Contacts

Health Facilities

- Rest Rooms
- Gymnasium

Sanitation and Hygiene

- Illumination
- Heating and Ventilation
- Noise
- Sanitary Arrangements
- Drinking Water
- Toilet and Locker Rooms
- Personal Hygiene
- Rest Periods

Equipment

PERSONAL SERVICE

Personal Interviews and Adjustments

Food Supply

- Dining Room
- Company Store

Education

- Cooperation with Employees' Clubs
- Cooperation with Outside Agencies

Housing

Vacation Plans

COOPERATIVE ACTIVITIES

Club Activities

Social

Educational

Recreational

Athletic

Cooperative Buying

Thrift and Savings

Building and Loan Associations

Savings Societies

Other Thrift Activities

Benefit Associations

INCENTIVES

Financial and Non-financial

Rewards for Attendance
and WorkStaff Meetings and Confer-
ences

Suggestion Plans

Management Sharing

Outside Contacts

MISCELLANEOUS

Special Studies

Job Analysis

Wages, Methods of Remuner-
ation, etc.

Hours

Fatigue

Turnover, etc.

Statistics

If this classification does not include everything which can be properly considered a personnel activity, at least it presents a program wide enough so that it may be stated with confidence that its scope has hardly been approximated by any financial institution in the country.

What advantages would accrue to both management and employees if financial institutions were to apply themselves vigorously to the solution of the problems indicated by these topics? Let us revert to our statement of what the average employee in a financial institution wants and see whether these activities do not have a direct bearing on those wants. If they do, then we may safely say that through them can be provided the elements which will make for that unity and happiness of the working force without which no institution can hope to have its work accomplished with satisfactory results.

It will doubtless be conceded that the employee's chief concern is his salary. He is justified in desiring a fair wage, providing for gradual improvement of the standard of living and based upon the value of the work in which he is engaged and the degree of skill with which he performs it. Does he receive it? Scarcely. What he is likely to receive instead, in the majority of cases, is the result of the best bargain he was able to drive with the employment manager who hired him. He

may have been hired at a time of labor surplus when he was glad to accept a very much lower salary than that to which he was accustomed or than was being enjoyed by others engaged in the same work. Or he may have been hired at a time of stress when workers in his particular occupation were scarce and he may therefore be continuing, years later, to benefit by the chance which enabled him to secure at the start, a much higher salary than was being received by his experienced fellow-workers. His personality, timid and retiring, or determined and aggressive, may have been responsible for a difference of many dollars between his salary and that of his co-worker. Mass adjustments in salary have not corrected such discrepancies, but have perpetuated them, with the result that if an analysis of the pay roll is made, it will be found that, in many cases, the range of salaries paid for given work will be astonishing and that neither rhyme nor reason will explain the existing inequalities.

Such a condition, and unfortunately it is one which exists in many of the financial institutions of the country, cannot help but create dissatisfaction and increase labor turnover. It would be illuminating to see the figures which represent the labor turnover directly traceable to dissatisfaction with salaries, but owing to the lack of frankness on the part of employees who are leaving, these are not accurately ascertainable. Nevertheless, this is one of the principal causes of labor turnover. Turnover, however, is not the only result of dissatisfaction with wages. The influence of this condition is felt perhaps even more keenly on production. Not many employees will work conscientiously and enthusiastically without the incentive provided by the knowledge that they are being paid a fair wage and that, dependent upon their own record of accomplishment, there is ample opportunity for advancement in both salary and position. Such an incentive can be provided in a financial institution only by a system of salary standardization which will rescue the salary situation from the mystery which surrounds it and from the foundation of injustice and ignorance upon which it is only too frequently built.

A comprehensive scheme of salary standardization, leading to scientifically determined wages and providing for progression in salary and position, can only be devised, however, as the

result of thorough job analysis and classification of all the work in an institution. In most cases, it will involve a complete reorganization of the system of remuneration, but by providing at decreasing labor costs those elements which make for satisfaction among employees, it will amply repay the time and effort devoted to its establishment.

The next requisite of the administrative employee was stated to be security—security for his immediate and his more remote future—security not only for himself but for his family. For, no man in the class from which administrative employees are drawn will be free from worry unless he sees that his future and that of his family are being reasonably provided for. In order to give his best to his work, he must not only feel sure of his job, but he must also be certain that in case of illness, old age, disability or death his family will not be left in want. The responsibility of management in cases of superannuated employees or of disability or death is usually recognized too late, and results in merely alleviating an unfortunate situation once it has arisen. How much better it would be to plan for such cases in advance and, as a condition of employment and a portion of remuneration, to contribute to a fund to assure the employee that every contingency of his involuntary cessation of work has been provided for. The management would then, through the employee's feeling of security, reap the benefit of his increased loyalty.

An opportunity for advancement was given the third place in the analysis of what the administrative employee wants. This is perhaps not the correct order, for many employees, especially young men, place an opportunity for advancement above security and often, even, above present wages. The importance of this factor cannot, therefore, be overemphasized. Too many of the positions in financial institutions have been made blind alleys, and too much vagueness concerning promotion has veiled the policies of many institutions. In order to attract and retain ambitious and progressive employees, lines of promotion must be definitely charted for all positions, training provided to fit employees for advancement, and a sound system of rating installed so as to place promotion upon a merit basis. The economy of promoting from within, and the effect of such a policy upon the morale of the staff, are cogent argu-

ments for management to give more heed to this desire of the administrative employee.

The fourth factor of importance to the administrative employee is good working conditions. Especially to women employees this is an important consideration. Many girls would prefer to accept lower wages in order to be in pleasant surroundings and, consciously or unconsciously, the entire staff is affected by working conditions. Such physical factors as heating and ventilation, illumination and noise, have an influence on the worker and his work which management cannot afford to neglect. Equipment, too, plays an important part in his comfort and therefore in his output. But the term working conditions is not limited by the physical aspects of the job. Safeguarding the health of employees through the work of a far-seeing medical department which will constantly seek to improve health conditions, establishing a cafeteria where wholesome food will be served at reasonable prices, installing rest rooms, a library and a gymnasium, for mental and physical recreation, all these features are included in working conditions and are sought by administrative employees, particularly by women.

In the development of such services as these, much good work has been done in financial institutions. Often, however, the attempt has been made to compensate thereby for conditions of long hours and overcrowding brought about by failure properly to plan for growth. But personal service, no matter how highly organized, cannot be a remedy for fundamental faults. It will appeal to employees only when, supplementing justice and good physical conditions, it develops in response to a spontaneous need.

Scope for self-expression, the fifth requisite mentioned, is what rescues the administrative employee in a large institution from being a mere cog in the wheel. It humanizes his work and increases his initiative and self-respect. So much of the work in financial institutions is routine that, no matter how adequate the salary or how congenial the surroundings, some further incentive to sustain interest is needed. There are a multitude of ways of providing this, but one of the best is to encourage cooperative activities among employees. A club with activities diversified enough to attract all, promoting edu-

cational, social, athletic, recreational, thrift and other interests is an excellent medium for self-expression. Suggestion plans, management sharing, conferences, membership in associations and attendance on conventions in order to broaden perspective, are other methods. The method is but a means to an end; the result, an opportunity for self-expression, provides the stimulus desired and needed by administrative employees in order to sustain interest in their work.

One more desire characterizes the administrative employee, namely, the desire for inspiring leadership. In contrast with industrial workers, employees in financial institutions are unorganized. Since they cannot, therefore, look to leaders of their own rank outside the institution for guidance, they turn naturally to management for the inspiration and encouragement they crave. From it they desire something more than can come from one of their own group—something intangible, perhaps, but authoritative and compelling. This need for leadership opens to management a responsibility and an opportunity—the opportunity for molding and directing its staff; the responsibility of giving them a wider outlook, of keeping them intelligently dissatisfied and of supplying opportunities for their growth. If any indictment against management can be sustained, it is that of failure in this regard. Would that management might have the vision to recognize this, its most significant and fruitful opportunity.

In this very brief outline of personnel activities, it has hardly been possible to do more than indicate the large number of forms which personnel work must take in order to cover the whole range of human relations between employer and employed. The field is fresh and needs much plowing. Answers received from nearly forty financial institutions to the questionnaire previously mentioned show a wide divergence of practice but indicate, in general, an awakening to the realization of the pervasiveness of the human factor in business. Crude as it may sound to say so, taking care of personnel is just as paying a proposition as taking care of machinery, and this is the only basis on which management can afford to build up a personnel organization defined by the activities referred to in this paper. The interests of employer and employed in this regard are

mutual, for the employer desires that morale be kept high and the employee desires those things which cannot but create this result. The reactions of increased satisfaction, increased interest, increased loyalty and increased cooperation will repay management for every intelligent expenditure for personnel activities.

The success of personnel work is dependent, in large part, however, upon the manner in which the activities are introduced and carried on. In order that full benefit may be derived from them, personnel activities must be purposefully, sanely and co-operatively initiated and administered. Their aim must be that of an incentive to sustain interest, inculcate enthusiasm for work and promote loyalty; their result, the creation of individual initiative, group cooperation and mutual satisfaction.

To this end, personnel activities should be delegated to a well-organized department, headed by an officer of such rank and authority that he will be able to initiate and carry out personnel policies and practices without the necessity of frequent recourse to the highest executives for approval. Though his objective of better morale throughout the organization presents a difficult problem in measurement, he should be held responsible, just as the manager of any operating department is held responsible, for making his department pay. The fact that the results of his work are not confined to a single product does not make their identification any less definite, for increased good-will in a working force is a thing which not only can be sensed but which reveals itself in increased output. The task of the personnel director is a difficult one but it is exceedingly worth while, for no result in business can be more gratifying than that of welding together and leading a happy, loyal and cohesive staff, and the procurement of this result is of the very essence of management.